

TO  
DATE

EXECUTIVE  
11 FEBRUARY 2014

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**THAMES VALLEY BERKSHIRE LOCAL ENTERPRISE PARTNERSHIP –  
STRATEGIC ECONOMIC PLAN – CONSULTATION RESPONSE  
Assistant Chief Executive**

**1 PURPOSE OF THE REPORT**

- 1.1 The Thames Valley Berkshire Local Enterprise Partnership (TVBLEP) is required by the Government to produce a Strategic Economic Plan (SEP). That plan was published in December 2013 for consultation.
- 1.2 This report updates Members on the Plan, outlines key issues and poses some overarching questions about the strategy in relation to the Council's clear aim to promote economic prosperity. Detailed comments are also set out in response to the Plan.

**2 RECOMMENDATIONS**

**That the Executive endorses:**

- i) **the Thames Valley Local Enterprise Partnership Strategic Economic Plan.**
- ii) **submitting the amendments set out in bold italics to the Thames Valley Berkshire Local Enterprise Partnership.**

**3 REASONS FOR RECOMMENDATIONS**

- 3.1 To support the Council's overarching priority to sustain economic prosperity.

**4 ALTERNATIVE OPTIONS**

- 4.1 The Council could choose not to engage with the LEP in the production of the SEP. This would mean that decisions about the economic future of Berkshire would be taken without input from Bracknell Forest Council.

**5 SUPPORTING INFORMATION**

*Strategic Economic Plan – Government requirement*

- 5.1 The Government requires every Local Enterprise Partnership to produce a Strategic Economic Plan. This Plan will form the basis for each LEP to agree with Government a "Local Growth Deal" which, in turn, will be the result of a bid to the Government's Single Local Growth Fund. The Local Growth Deals will be used to spend on the delivery of Local Strategic Economic Plans, and

the Government is expecting local authorities to commit to supporting such plans through, for example:

- Better use of local authority assets to unlock resources to be reinvested in growth
- A commitment to pro-growth reforms. For example, the Government sees these as a co-ordinated approach to the development of local plans within local enterprise partnership areas
- A commitment to collective decision-making across all local authorities in the local enterprise partnership area.

5.2 The Government expects LEPs to draw on a range of resources to fund the priorities identified in their Strategic Economic Plans, including:

- Private sector investment
- Local authority funds
- Revolving funds such as the Growing Places Fund
- Local Sustainable Transport Fund
- Public Works Loans Board borrowing
- Match funding from local partners
- Surplus public assets
- EU funding

*Draft Strategic Economic Plan - process*

5.3 The Thames Valley Berkshire LEP has engaged consultants, SQW, to produce the SEP. SQW have drawn on a range of evidence to review the economic context and future of Thames Valley Berkshire (TVB). In addition, SQW have worked closely with members of the LEP Executive (with Bracknell Forest Council's representation being provided by Councillor Brunel-Walker) and supported by a working group of officers advising on infrastructure issues.

5.4 The consultants have concluded that more needs to be done to sustain Berkshire's economic prosperity, reflecting forecast growth rates and changes in the pattern of jobs growth. The global economic context, in which Asian economies are growing quickly, and competition from elsewhere in the world, suggests a need for, "...more innovation, agility, creativity and responsiveness". In short, the Berkshire area cannot take for granted the level of its continued economic success.

*Key issues for the Berkshire economy:*

5.5 As a result of its analysis, the plan concludes that three distinctive and inter-related features of the Berkshire economy stand out: the importance of technology-based activity, the significance of internationalisation, and the role of the corporates. All three are strongly related to Berkshire's relationship with London. Other aspects of the economy are important, but these features set Berkshire apart in relation to future economic growth; our economy is already the most strongly internationally-oriented, and competitive, in the country. With this comes substantial further potential. And these features are the basis for much of Berkshire's historic economic success; profound changes are afoot with significant risks (positive and negative) for our future.

- 5.6 The plan highlights the importance of maximising the area's knowledge based assets such as Reading University and nearby links to the University of Oxford and Harwell.
- 5.7 Thames Valley Berkshire is intrinsically and distinctively an international economy. Much of the significance is due to the proximity of Heathrow airport. The airport employs 18 000 residents of Berkshire (with Bracknell Forest being one of the top 10 sources of employees). The plan points out that in terms of scale of employment, 18 000 is the equivalent to almost a third of ICT services sector employment in Berkshire.
- 5.8 Berkshire has the highest proportion of foreign-owned businesses of any LEP in the country (with Bracknell Forest enjoying the highest proportions of any local authority). These businesses produce half of Berkshire's overall turnover and a quarter of all employment. Inward investment continues to be significant with Berkshire having the highest percentage of new foreign direct investment of any other LEP area over the past year.
- 5.9 Corporates have a distinctive role in Berkshire. Well over 200 European or global HQs operate in the area. Many of these are long-established, and often in strategically important sectors such as pharmaceuticals or ICT.
- 5.10 The plan making process involved talking with corporates. These discussions pointed to important issues facing Berkshire's economic future. Among the most consistent are those related to people:
- recruitment is proving to be challenging particularly in relation to staff with an in-depth knowledge of science, technology, engineering and mathematics. The challenge of competing internationally is significant, particularly in relation to the volume of high-quality science graduates emerging from South Korea, China etc;
  - retention of staff can be difficult especially in relation to younger workers for whom London is more attractive than towns in Berkshire;
  - in response, some corporates are turning to international labour markets resulting in frustration over lengthy visa and work permit processes.
- 5.11 The Plan contends that links between the corporates and small and medium enterprises and research base are thin. Networks need to be improved.
- 5.12 Significantly, corporates are changing. New work patterns enabled by digital connectivity and the need to reduce overhead costs have resulted in increased blurring of the boundaries between work and home. This is challenging locational preferences. The old location decision choices are simply not being made any more.
- 5.13 Against this backdrop, corporates have indicated that a risk for Berkshire is of a workforce that is aging structurally (with young people being difficult to retain); in buildings from a bygone era; and of business models that are out-dated. The Plan is careful to stress that these issues must not be taken too far. There is no immediate crisis and, on all key metrics, Berkshire's economy continues to perform well. In addition, particularly through some major town centre investments, Berkshire is already re-inventing itself.

- 5.14 The biggest single risk to future economic success is transport and digital infrastructure. Motorway and rail links are critical to Berkshire as well as the connection with Heathrow airport. Digital connectivity is crucial to corporates but also to the community of small businesses. However, the county's road and rail infrastructure is of national importance and is very congested. This threatens Berkshire's growth potential.
- 5.15 The Plan forecasts that economic growth is likely to continue but at levels comparable to the rest of the south east of England.
- 5.16 The analysis above has underpinned the vision and objectives and the work programmes set out below.

*The plan's vision and objectives:*

- 5.17 The Plan's vision for the Berkshire economy for the period 2015/16 to 2020/2:

*"The vibrancy of our business community will be internationally envied. The ambition and creativity of our established businesses will be energised through strong, knowledge-rich, networks. Our workforce will be the lifeblood of our economy: young people will be inspired and older workers valued. Our infrastructure will match the scale of our ambition and potential. And people will choose Thames Valley Berkshire as the place to live and work"*

- 5.18 The overarching priority proposed in the Plan is to:

*"secure better access to talented people and bright ideas, and to use both more effectively"*

- 5.19 Six main objectives follow. With regard to people, the plan proposes that Thames Valley Berkshire must:

- 1 *use better those who are already in the workforce*
- 2 *inspire the next generation and build aspirations and ambition*
- 3 *ensure that economic potential is not restricted by labour supply issues*

- 5.20 In terms of ideas, the Plan says that the LEP will:

- 4 *Ensure that knowledge is effectively commercialised and grown within Thames Valley Berkshire*
- 5 *Strengthen networks and invest in "soft wiring" to use ideas better*
- 6 *Make Thames Valley Berkshire town genuine hubs in the ideas economy*

- 5.21 The Plan identifies 15 investment packages grouped into four high-level programmes, through which the objectives will be achieved.

*Delivery programmes:*

5.22 The Plan sets out four high level investment programmes:

- Programme A: Promotion and international positioning
- Programme B: Enterprise, innovation and business growth
- Programme C: Skills, education and employment
- Programme D: Infrastructure – transport, communications and place-shaping

*Overarching questions for Bracknell Forest:*

5.23 Before addressing detailed aspects of the Plan, there are two key questions for Bracknell Forest Council:

- i) do the emerging vision and objectives reflect the Council's new approach to being a pro-growth local authority?; and
- iv) does the SEP provide a suitable platform for the review of the Council's economic spatial and other plans?

*(i) Do the emerging vision and objectives reflect the Council's new approach to being a pro-growth local authority*

5.24 Since the demise of the South East England Development Agency in 2010, there has been no overarching economic framework for the Berkshire area. Notwithstanding that fact, the Bracknell Forest Local Economic Strategy was published in 2011 and embraces an assessment of the economic issues across international, as well as local contexts. In addition, members have developed a more explicit pro-growth position, to encourage even more business success in the borough for the benefit of residents and Bracknell Forest firms.

5.25 Whilst it is possible to develop a wide range of different visions for business, the emerging LEP proposal would encourage vibrant and dynamic business success. It is consistent, in general terms, with the broad objectives of the borough's Local Economic Development Strategy published in 2011. More recently the Economic Development Member Task Group has endorsed the following strategic vision for business in Bracknell Forest:

*"Bracknell Forest is an exceptional place for business and individuals. In 2015, the Borough will still be amongst the best places to do business at the heart of the Thames Valley. It will be an inspirational place for families to grow and thrive. The environment well protected, town centre modern and vibrant, and schools will be good. New homes will be added to the community and be sustainable. Bracknell Forest will be the home to companies from the BRIC countries. The Council will be amongst the best in Europe for its business friendliness."*

5.26 The emerging LEP vision would help to support members' strategic pro-growth approach. However, the LEP vision at present does not express any "choices" or alternative approaches to Berkshire's economic future. Officers continue to urge the LEP to make these clearer. Nevertheless, the broad thrust of the vision does reflect the Council's position on economic prosperity and as such the LEP vision should be endorsed.

(ii) *Does the SEP provide a suitable platform for the review of the Council's economic spatial and other plans?*

5.27 Over the coming year, work will begin to review the Bracknell Forest economic and spatial plans as well as the Bracknell Forest Partnership's sustainable community strategy. The SEP will provide the context for this work. However, without any spatial vision being expressed so far by the LEP, the Berkshire impacts of the borough's local plan work will have to develop through other forms of collaboration.

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*Vision, objectives and general comments*

***Suggested response***

5.28 ***The broad vision and objectives (page 4) are endorsed. There is a need for the LEP to engage with partners, particularly local authorities, to prepare a practical implementation plan. Key elements of delivery need to be agreed, including where resources will be drawn from, and how priorities for action will be decided.***

5.29 ***In terms of more detailed comments, the preface should delete reference to, "rather than, say, Shanghai". This is inappropriate to the document. The term, "use" in objective 1 (p4) could be interpreted to mean, "exploit". It would be better to rework this objective to focus on helping those in the workforce now to be even more productive. The meaning of "soft wiring" in objective 5 is unclear. Later in the document, reference is made to "joining the dots". This would be a better way to convey the idea of strengthening networks.***

5.30 ***The spatial framework map on page 23 needs to be corrected to show town centre regeneration at Bracknell and the significant new residential communities planned in the borough.***

5.31 ***The reference to the M3 on page 43: should refer to Junction 3 of that motorway. In addition, the document should refer to programmes already approved and the need to improve capacity, junction improvements to the M3 J3 to M4 J10, and routes from the M3 J4 to the M4.***

5.32 ***It is assumed that the evidence papers are not formal parts for the plan. Nevertheless, there are detailed comments and technical corrections which need to be addressed before the plan is submitted to government. These will be set out in detail in the council's response.***

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## **Programme A: Promotion and international positioning**

*Package A-1: Promoting TVB as a business hub and communicating that it is open for international business*

- 5.33 The plan seeks to attract new international investment and encourage existing firms to develop export markets further. This is consistent with needs of Bracknell Forest and in line with the work already done, for example, regarding the Link to China programme.

### ***Suggested response:***

- 5.34 ***This package should make clearer that TVB should promote inward investment from elsewhere in the UK, as well as internationally.***
- 5.35 ***The LEP should be more ambitious in its plan for attracting investment from China and other BRIC countries. The reference on p34 to “joining overseas missions where appropriate” is insufficient. At the very least, this package should contain a more pro-active programme.***
- 5.36 ***Looking to the future, the plan is silent on the emerging “MINT” countries (Mexico, Indonesia, Nigeria and Turkey). There should be an acknowledgment that these countries will provide more opportunities for TVB over the life of the plan. For example, schools should be encouraged to teach languages appropriate to these new economies.***
- 5.37 ***The Plan is silent on the large number of smaller firms that could benefit from international promotion. The work plan needs to find ways to harness the potential for small and medium sized firms to develop economic opportunities with international partners.***
- 5.38 ***Resources: this is an issue generally across the plan as a whole. The Plan accepts that an implementation plan needs to be developed. However, plan-making is an iterative process whereby the investment packages need to be informed by the ability to secure practical delivery. This point applies across the strategy although it is understood that implementation plan will be worked up with LEP partners, in particular, Local Authorities who will be a main source of practical resource.***
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## **Programme B: Enterprise, innovation and business growth:**

*Package B-1: science parks in Thames Valley Berkshire*

- 5.39 TVB has never had a science park, a surprising omission given the concentration of tech businesses in the area. The plan relies on proposals by the University of Reading and longer term potential at the Atomic Weapons Establishment (where the estate is being rationalised).

### ***Suggested response:***

- 5.40 ***The proposals are supported and would help to deliver the vision for the wider benefit of TVB***

*Package B-II: Investing in incubator and co-working space:*

- 5.41 The Plan proposes a network of business incubator space to complement the science park developments. This network will support the formation and growth of innovative start ups. Co-working space is proposed, too, including the type of delivered at the Bracknell Enterprise and Innovation Hub which was catalysed by, and enjoys support from, Bracknell Forest Council. The plan will build on the current City Deal proposals to provide better business support (see also Package B-IV)

***Suggested response:***

- 5.42 ***These proposals are supported. There may be potential in exploring better links between incubator space and advanced engineering. This would help to broaden the economic base in Berkshire over time.***

*Package B-III: Improving access to early stage funding:*

- 5.43 The LEP already provides significant financial support for businesses but access to funding remains a challenge for early stage firms. The Plan proposes a “proof of concept” fund for very early stage products or services; a revitalised Thames Valley Investment Network; and to explore the potential of setting up a Regional Bank.

***Suggested response:***

- 5.44 ***These proposals are supported although the document should refer to examples of incubators that are already in place, such as the Bracknell Innovation and Enterprise Hub.***

*Package B-IV: Providing better support to businesses and building vibrant business networks:*

- 5.45 Strong business networks are an important part of the local economy. They improve information flows between firms and encourage innovation. The Plan highlights that TVB already enjoys a range of networks, but the “polycentric” character of Berkshire means that there is variable provision across the area. Three things are needed: better meeting places (particularly in regenerated town centres with “bars, restaurants and buzz”), people in key sectors to stimulate networks; and commitment from lead firms.
- 5.46 Plainly, the regeneration of Bracknell town centre and the current City Deal proposals to establish stronger business support arrangements will help to deliver this objective. This package is also consistent with anecdotal evidence from local property agents who have cited the lack of facilities/cafes etc on the business parks as a barrier to attracting new office occupiers.

***Suggested response***

- 5.47 ***These proposals are supported***



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## **Programme C: Skills, education and employment**

*Package C-I: Increasingly significantly the supply of people with STEM expertise:*

- 5.48 The Plan states that a consistent concern from businesses in Berkshire is the availability of potential recruits with expertise in science, technology, engineering and mathematics. For some firms, the issue is acute causing recruitment and retention problems resulting in businesses opting to focus future growth to international locations elsewhere. This part of the Plan should be supported (indeed it has been recognised locally as an issue for some time). However, the actions to address this issue are unclear in the plan.

### ***Suggested response***

- 5.49 ***This package is supported although the practical aspects of delivery need to be developed in more detail.***

*Package C-II: Introducing high apprenticeships for “older young people”.*

- 5.50 The Plan proposes higher apprenticeships as one possible route to improve the skills of the TVB workforce. The LEP intends to work with government agencies to try to change the funding rules on apprenticeships.

### ***Suggested response***

- 5.51 ***The objectives of this package is supported. However, the implementation plan should also address the potential of all adults including those with learning disabilities and others over 18 who are not in employment. This could widen the pool of skilled labour in Berkshire. The plan should seek a review of funding arrangements for colleges in order to help them be more responsive to meet the needs of business.***

*Package C-III: Building much better links between business and educations (school further education and higher education) to inform and motivate.*

- 5.52 Businesses contend that there is a substantial gap between employers' expectations of young people and their actual experience of employing them, with the greatest mismatch appearing across core literacy and numeracy skills. There is the need for better understanding and discussion between schools and employers focusing on readiness for work.
- 5.53 The Plan seeks to improve the links between education providers and business although there is no delivery mechanism identified. Given that this issue has been at large for many years, the proposal should be supported in principle but stress the practical delivery needs to be worked up speedily.

### ***Suggested response:***

- 5.54 ***This package is supported in principle although the practical means of delivery need to be clarified and worked up speedily.***

- 5.55 ***There is no mention of the role of Berkshire's higher performing schools. These are often the bedrock of universities' aspirations with the consequent benefit for businesses. The plan should encourage support for those schools. In addition, schools should provide more focus on teaching how business works and the skills necessary for business success.***

*Package C-IV: raising the skills of residents:*

- 5.56 Some residents are unable to compete in the local labour market. For some, there is the need for training opportunities to address low pay cycles. Comment - This is a particular issue in Bracknell Forest. Given population projections, there is a need to invest in older workers in particular, to refresh their skills. The LEP will work with businesses and the voluntary and community sector.
- 5.57 With regard to younger workers, the City Deal and other initiatives will help to enable Berkshire residents compete for vacancies.

***Suggested response***

- 5.58 ***This package is supported.***
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**Programme D: Infrastructure, transport, communications and place-shaping**

*Package D-I: enhancing the strategic transport network*

- 5.59 The plan's outcomes are the delivery of station improvements to complement major rail investment, coherent investment plans for Reading-Waterloo, Reading-Gatwick and Southern rail access to Heathrow, improved east-west road capacity on the M4 corridor, and improved road connection between the M3-M4-M40.
- 5.60 These proposals would have significant economic benefits for Bracknell Forest, and reflect longstanding priorities set out *inter alia* in the Economic and Skills Development Partnership's Local Economic Strategy.

***Suggested response:***

- 5.61 ***These proposals are supported. However, the draft plan needs to address the importance of the economic and transport links to the south of Berkshire, particularly along the Blackwater Valley with its strong research and growth focus. Better cross-working with other LEPs should be emphasised.***

*Package D-II: Unlocking housing development*

- 5.62 The Plan discusses the importance of the strategic development locations in Wokingham district to support Berkshire's economic prosperity. However, the

plan is silent on the significant role of housing growth in Bracknell Forest for the same purpose.

***Suggested response:***

5.63 ***The proposed delivery of housing is supported by the plan should be amended to refer to the role of Bracknell Forest's major housing sites. Paragraph one under this package (p44) should be amended to read, "the biggest challenges are the major urban expansions and strategic development areas in central Berkshire (Wokingham and Bracknell Forest) which amount to 15 000 houses". The plan can then use paragraph 2 as an example of the implications of growth if not accompanied by adequate infrastructure.***

5.64 The plan should address the affordability of housing as one way to retain talented people.

*Package D-III: Enhancing urban connectivity:*

5.65 The Plan notes that the combined population of Bracknell Forest, Reading and Wokingham is 425 000, making it one of the largest urban areas in England. Transport and other connections have developed in parallel albeit with strategic coordination in various forms over the years. The principal response in the plan is a proposal to establish a mass rapid transit solution, using dedicated rather than shared highway space for guided and conventional buses. The main objectives are to link residential areas to mainline stations, employment, leisure, learning and retail centres. The early stages of these networks will form the basis of the LEP's Local Growth Fund submission.

***Suggested response:***

5.66 ***This proposal is supported although the outcome (p45) could be sharpened by stating that the "delivery of the schemes prioritised by the Local Transport Board, including critical corridor improvements linked to the motorway network and major areas of growth, as well as mass rapid transport schemes". The LEP should call for Government investment in road building, to improve motorway connectivity, including junction and capacity improvements. The plan should place greater emphasis on the importance of rail improvements.***

*Package D-IV: Encouraging vibrant town centres:*

5.67 The Plan notes that there are major town centre investments under way in Bracknell, Maidenhead, Newbury, Reading, Slough and Wokingham. Transport improvements are committed, according to the plan. This needs to be caveated that the commitment is subject to Local Growth Fund/Local Transport Board financial support.

5.68 The Plan seeks to deliver more housing in town centres and to try to understand what other uses could help attract high value new businesses and employees.

***Suggested response:***

- 5.69 ***The objective of encouraging vibrant town centres is supported. The Plan (p45) needs to state that current transport improvements in town centres are subject to financial support through the Local Growth Fund/Local Transport Board.***
- 5.70 ***The outcome should be sharper in defining what features are of importance to support businesses and economic growth in Berkshire. For example, as well as new retail and restaurants/cafes, better transport infrastructure, digital connectivity, cultural offer would help deliver on the broader aim of convincing businesses and employees to choose Berkshire's centres instead of elsewhere.***

*Package D-V: Positioning Thames Valley Berkshire for a digital future:*

- 5.71 The Plan highlights the current roll out of 24Mbps Broadband across Berkshire. The programme will provide 91% coverage by 2015 with the remainder having access to 2Mbps. The LEP proposes that BT rolls out fibre to the cabinet provision throughout Berkshire, enabling 330 Mbps to all premises. The Plan also proposes to support the development of 5G technologies currently under development at the University of Surrey.

***Suggested response:***

- 5.72 ***These proposals are supported although the practical aspects of the package need to be worked up speedily, particularly given the Broadband speeds already available to international competitors. However, the plan should be much more ambitious regarding broadband speeds and coverage. The plan should ensure that broadband coverage is 100% of premises, with much greater provision of fibre to the premises. Internet speeds are much faster in competitor countries and Berkshire needs to match that offer if it is to remain competitive.***

*Package D-VI: Utilities provision*

- 5.73 Localised shortfalls in utilities will be a barrier to delivery of housing and other development. The Plan proposes to work with government and other agencies to resolve these problems. The LEP also proposes to foster renewable energy.

***Suggested response:***

- 5.74 ***The role of the LEP in the provision of utilities is untested. However, the principle is supported of engaging all partners with an interest resolving utilities constraints where they are a barrier to economic prosperity.***

**Next steps**

- 5.75 The responses to the plan are being considered by the LEP in February 2014 and will be submitted to Government in March for endorsement. Once approved, the plan will then form the basis of bids for the Local Growth Fund. In parallel, the LEP is working on a detailed implementation plan.

## **6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS**

### Borough Solicitor

- 6.1 Nothing to add to the report

### Borough Treasurer

- 6.2 Whilst the funding available to the Thames Valley Berkshire Local Enterprise Partnership has yet to be determined it will include money previously given to the Council directly in the form of government grants. The most notable example is for highways infrastructure works. Earlier proposals to top slice the New Homes Bonus have now been dropped. It is important, therefore, that the Council positions itself to take advantage of the funding that will be available via the LEP. This should ensure that there is not an adverse impact on the Council's medium-term finance plans and may even provide the opportunity to secure funding over and above that previously anticipated.

### Equalities Impact Assessment

- 6.3 Not applicable

### Strategic Risk Management Issues

- 6.4 None

## **7 CONSULTATION**

### Principal Groups Consulted

- 7.1 Not applicable

### Method of Consultation

- 7.2 Not applicable

### Representations Received

- 7.3 not applicable

### Background Papers

Thames Valley Strategic Plan for Growth, December 2013  
Thames Valley Strategic Plan for Growth Evidence Papers, December 2013

### Contact for Further Information

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